Update: Air Force Implementation of Performance-Based Service Contracting

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OVERVIEW

- **PBSC Review**
- **Policy & Guidance**
- **Training**
- **Tools & Best Practices**
- **Future Outlook**

PBSC is …

AF Contracting

- **Combination of these two components**
  - **Output oriented Statement of Work (SOW)**
    - **Describes service desired in terms of "WHAT" not "HOW"**
    - **Contractor to use best commercial practices, standards, and management innovation**
  - **Performance Management**
    - **Emphasis on Insight and Partnering w/ Contractor**
    - **Rely on contractor's quality control program**
    - **Eliminate government QA duplicating the contractor's quality control program**
    - **Performance measurement and incentives**

Example

Food Service

- **Old**
  - Personal Hygiene
  - Health Exams
  - Food Borne Disease Test
  - Equipment & Utensil Cleaning
  - Food Preparation Equipment Cleaning
  - Serving Equipment Cleaning
  - Dining Area Equipment Cleaning
- **New**
  - Comply with FDA Food Code which results in a satisfactory or better rating in Health Inspections

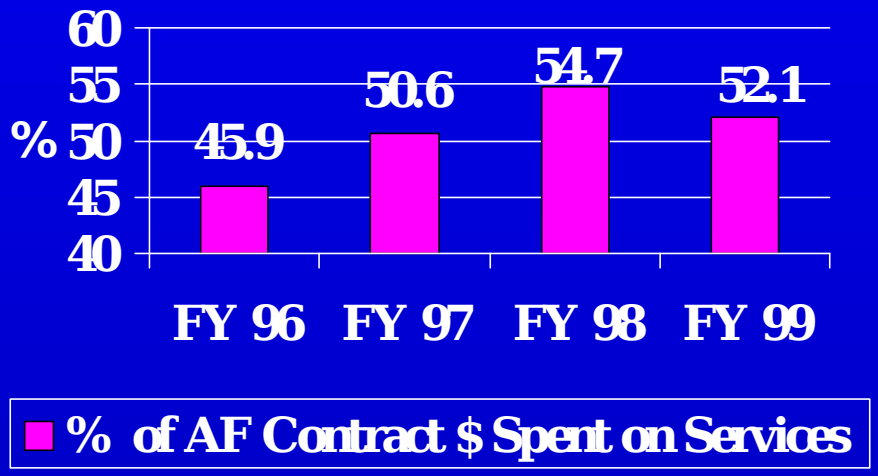
Why is this important to you?

AF Contracting

- Participate on the Business Requirements & Advisory Group (BRAG)
- Market Research process
- SOW/PWS development
- Develop MEO In House Staffing based on SOW/PWS

Growth of Services

AF Contracting



- Service contracts > $100k
- FY 98 > $18.6 B

FY97

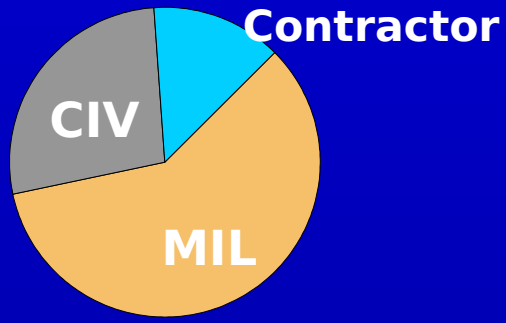
13.5% Contractor

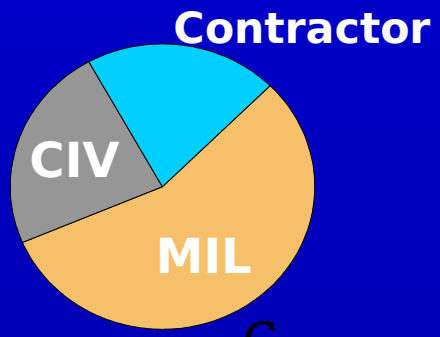
→

FY05

20.5% Contractor

- **Total AF Resource Shift FY97 vs FY05**





Service Contracting Philosophy

AF Contracting

- Up-front Effort to Improve Business Process Will Payoff Throughout Contract Life
- Requirements Defined As Outcomes and Performance Standards vs “How To” Language/Referenced Documents
- Performance Determined by Objective Measurable Performance Standards
- Encourage Use of Commercial Practices/Standards
- Past Performance & Best Value Used in Selecting Contractor

Benefits of PBSC

- **Better prices and performance**
- **Clear and definitive performance requirements**
- **Flexibility in how the contractor performs**
  - **Requires less modifications**
- **QAP insight**
  - **Quality assurance focuses on outcomes, not processes**
  - **Contractor motivated to use innovative approaches**

Guidance

AF Contracting

- **AFI 63-124, Performance-Based Service Contracts (1 Apr 99)**
  - **Replaced AFMAN 64-108, Service Contracts**
  - **Mandatory compliance**
- **Revising functional AFIs during the normal review cycle**

Training

AF Contracting

- **Revised QAPC course**
  - **Tailored to new AFI 63-124**
  - **Taught by AF Contract Training schoolhouse**
  - **Validation course held 4 -7 Jan 00; 1st offering 13 Mar 00**
  - **Unity of MAJCOMs for training sessions**
  - **10 day course**

Training

- QAPC course schedule
  - 13-23 Mar (AETC)
  - 1-11 May (PACAF)
  - 5-15 Jun (ACC)
  - 10-20 Jul (AFMC)
  - 21-31 Aug (AMC)
  - 11-21 Sep (ACC, AIA, AFSOC, USAFE, AFA)

QAPC Course Training Blocks

AF Contracting

- Philosophy of PBSC
- Business Requirements Advisory Group (BRAG)
- Conducting Market Research
- Writing Statements of Work
- Incentivizing Contractors
- Contract Administration
- Quality Assurance
- QAPC responsibilities

Training

AF Contracting

- **FY 01 QAPC training requirements**
  - **Contact SSgt Fry, 345TRS/DORP, Lackland AFB**
  - **DSN 473-4936 COMM (210) 671-4936**
- **Functional sponsored Competitive Sourcing and Privatization (CS&P) and PBSC training**
  - **HQ USAF DP (Personnel)**
  - **HQ USAF XP (Manpower)**
  - **HQ AFSVA (Services)**

Tools & Best Practices

AF Contracting

- AFLMA developing template for service contract metrics
  - Big 5 services operations at base level
- SAF/AQC web page
  - Links to SOW/PWS templates
  - Civil Engineering and Food Services

Measuring Progress

AF Contracting

- **RAND study on implementation of PBSA**
  - **Three key tasks for study**
    - **Develop inventory of lessons learned of PBSA implementation within AF**
    - **Monitor implementation of PBSA practices in large A-76 studies**
    - **Propose strategy for tracking and disseminating current lessons learned**
  - **Study completion Sep 00**

Future Outlook

AF Contracting

- **Continued emphasis on PBSC**
  - **Office of Sec of Defense (Acquisition Reform) established Rapid Improvement Team (RIT) Nov 99**
  - **RIT charter: Develop PBSA guidebook for entire DoD acquisition workforce**
- **Mandatory reporting requirements**
  - **OMB & OFPP initiative to capture PBSC information via Federal Procurement Data System fed by the DD Form 350**

Future Outlook

AF Contracting

- **AFI 63-124 review Apr/May 00**
  - **MAJCOM/FOA/DRU comments due Mar 00**
  - **Rewrite based on inputs, if necessary**
- **Business Solutions Exchange (BSX)**
  - **Web based knowledge management (KM) system**
  - **A-76 Success stories**
    - **Maxwell PRD development**
    - **Lackland AFB, Pick-A-Base**
    - **Reduced TDY costs**
  - **AFCIC may be taking lead role in KM**

Summary

- PBSC is culture change
- Framework set
  - Policy & Guidance in place
  - Training ongoing
  - Templates developed
- Encouraging innovation
- PBSC is here to stay!